

WASHINGTON — Just a few years ago, the tax deal pushed through Congress on Tuesday would have been a Republican fiscal fantasy, a sweeping bill that locks in virtually all of the Bush-era tax cuts, exempts almost all estates from taxation, and enshrines the former president's credo that dividends and capital gains should be taxed equally and gently.

But times have changed, President George W. Bush is gone, and before the bill's final passage late Tuesday, House Republican leaders struggled all day to quell a revolt among caucus members who threatened to blow up a hard-fought compromise that they could have easily framed as a victory. Many House Republicans seemed determined to put themselves in a position to be blamed for sending the nation's economy into a potential tailspin under the weight of automatic tax increases and spending cuts.

The latest internal party struggle on Capitol Hill surprised even Senate Republicans, who had voted overwhelmingly for a deal largely hashed out by their leader, Mitch McConnell of Kentucky. The bill passed the Senate, 89 to 8, at 2 a.m. on Tuesday, with only 5 of the chamber's 47 Republicans voting no.

Twenty-one hours later, the same measure was opposed by 151 of the 236 Republicans voting in the House. It was further proof that House Republicans are a new breed, less enamored of tax cuts per se than they are driven to shrink government through steep spending cuts. Protecting nearly 99 percent of the nation's households from an income tax increase was not enough if taxes rose on some and government spending was untouched.

A party that once disputed that there was any real "cost" of tax cuts encountered sticker shock when the nonpartisan Congressional Budget Office estimated that enacting them in place of the "fiscal cliff" provisions would cost \$4 trillion over 10 years.

"I personally hate it," Representative John Campbell, a Republican from California, said of the bill.

"The speaker the day after the election said we would give on taxes, and we have, but we wanted spending cuts. This bill has spending increases. Are you kidding me?"

By all accounts, the tax deal negotiated by Mr. McConnell and Vice President Joseph R. Biden Jr. is one of the most sweeping fiscal policy changes in a decade, a measure that would bring a certainty to the tax code long demanded by the financial community and taxpayers.

The bill's heft was confirmed on Tuesday by the Congressional Budget Office, which said the income and business tax cut extensions; new capital gains, dividend and estate tax rates; and unemployment compensation would add an estimated \$4 trillion to the federal deficit compared with where the government would be if Congress did nothing to halt the tax increases and spending cuts that were triggered at the start of the year.

The independent Committee for a Responsible Federal Budget said that measured against extending all 2012 policies, the deal would cut the deficit by \$650 billion over 10 years. The group said the biggest cost, a “patch” to the alternative minimum tax to prevent it from suddenly affecting much of the middle class, should not be considered a cost at all because Congress has adjusted it each year anyway.

But the Congressional Budget Office’s estimate gave even some Democrats pause, especially since the bill would make permanent virtually all of the Bush tax cuts — a goal that Mr. Bush chased through the rest of his presidency. “For four years in my town hall meetings across the state, Coloradans have told me they want a plan that materially reduces the deficit,” said Senator Michael Bennet, one of three Democrats who voted against the bill. “This proposal does not meet that standard and does not put in place a real process to reduce the debt down the road.”

The bill would do much more than head off the automatic tax increases and spending cuts. It would fix in place a tax code that for more than a decade has caused struggles over regular sunset provisions, temporary solutions and fleeting incentives. The bill would finally make permanent five of the six income tax rates created in 2001 by the first Bush tax cut. It would codify Mr. Bush’s successful push, in 2003, to make tax rates on dividends and capital gains equal so that one form of investment income is not favored over the other.

But it would let lapse a two-percentage-point cut in the payroll tax, one of the recent tax policy changes most squarely aimed at the working class, meaning take-home pay may be less even if higher income taxes are headed off. The Tax Policy Center, a nonpartisan research group in Washington, estimated that 77 percent of Americans could pay more over all to the federal government this year.

“For me, this is very much an ‘on the one hand, on the other hand’ thing,” said Ari Fleischer, the White House press secretary in the years of Mr. Bush’s tax fights. “As a Bush loyalist, it’s fantastic that the Bush tax cuts, which now have to be seen inarguably as overwhelmingly for the middle class, are being made permanent. On the other hand, it’s inarguable that this adds \$4 trillion to the federal debt.”

The 10-year price includes \$762 billion to lock in the Bush tax rates of 10 percent, 25 percent, 28 percent and 33 percent, along with some of the Bush-era 35 percent bracket; \$354 billion to continue Mr. Bush’s expanded child credit; and \$339 billion to secure Mr. Bush’s 15 percent capital gains and dividend rates for families earning less than \$450,000. Fixing the alternative minimum tax would cost the Treasury \$1.8 trillion, according to the bipartisan Joint Committee on Taxation.

Democrats say they had little choice. The Bush White House and Republican Congresses structured the tax cuts so that letting them expire would be politically difficult. Add the across-the-board spending cuts if Congress did nothing, and President Obama felt he had to extend most of the tax cuts or watch the economy sink back into recession.

“New occasions make for new truths,” said Representative Danny K. Davis, a Democrat from

Illinois and a veteran of the partisan wars over the Bush tax cuts. "New situations make ancient remedies uncouth."

Most galling for Republicans are provisions projected to add \$330 billion in spending over 10 years, including \$30 billion in unemployment compensation and \$21 billion in payments to Medicare health providers. None of those provisions are objectionable on their own, but collectively they almost proved impossible for Republicans to accept.

Even one of the chief architects of the Bush tax cuts, R. Glenn Hubbard, a Columbia University economist, was not crowing about their potential enshrinement. He said some Bush-era policies were no longer relevant to the task of tailoring a tax code to a properly sized government.

The 2001 and 2003 tax cuts "are not the best anchoring point" for that debate, he said. "We need a tax system that can promote economic growth and raise the revenue the American people want to devote to government."